WORN BY MORE FASHION-MINDED MEN AND WOMEN

THAN ANY OTHER CLOTHES IN AMERICA

annual report

YEAR ENDED JULY 31, 1959

GOLDEN JUBILEE YEAR

50th

BOND'S 50TH ANNIVERSARY

BOND STORES, INCORPORATED

OFFICERS

BARNEY RUBEN	*Chairman of the Board and President*
IRVING COHEN	*Vice-President*
SYLVAN N. KING	*Vice-President*
IRVING MOSELOWITZ	*Vice-President*
LOUIS A. GOOD	*Vice-President*
MAURIE SANGER	*Vice-President*
LOUIS B. BERMAN	*Vice-President*
WILLIAM B. LOFTUS	*Vice-President*
ELLIS H. SCHECHTMAN	*Secretary and Treasurer*
BERNARD GROSSMAN	*Vice-President and Assistant Secretary*

BOARD OF DIRECTORS

BARNEY RUBEN
IRVING COHEN
SYLVAN N. KING
IRVING MOSELOWITZ
ELLIS H. SCHECHTMAN
JOSEPH KLINGENSTEIN
FRED F. FLORENCE
CHARLES F. PHILLIPS
WM. J. HAMMERSLOUGH
H. ROE BARTLE

TRANSFER AGENT

THE FIRST NATIONAL CITY BANK OF NEW YORK
2 Broadway • New York 15, N. Y.

REGISTRAR

BANKERS TRUST COMPANY
16 Wall Street • New York 15, N. Y.

ten year record—BOND STORES, INCORPORATED AND WHOLLY-OWNED SUBSIDIARIES

Year Ended Dec. 31	Number of Stores at Year End	Net Sales	Net Income before Fed. Income and Excess Profits Taxes	Net Income after Fed. Income and Excess Profits Taxes	Cash Dividends on Common Stock	Net Working Capital	Capital Stock and Surplus	Book Value of each Common Share
1950	72	$76,213,726	$5,495,029	$3,175,254	$1,688,383	$28,175,383	$41,695,324	$24.69
1951	80	78,749,729	6,784,009	3,378,009	1,688,383	30,503,811	43,384,950	25.69
1952	84	82,763,399	6,038,754	3,065,754	1,688,383	32,600,111	44,762,321	26.51
1953	83	86,197,349	6,316,380	3,092,380	1,688,383	34,483,735	46,166,319	27.34
**Year Ended July 31*								
****1954**	82	41,740,425	1,266,526	681,526	844,191	33,814,308	46,003,654	27.25
1955	81	85,177,045	6,537,475	3,132,475	1,688,383	35,391,176	47,447,746	28.10
1956	85	87,315,003	6,517,511	3,162,511	1,688,383	36,674,480	48,921,875	28.98
1957	95	89,615,847	7,227,494	3,522,494	1,899,430	40,284,165	52,641,568	31.18
1958	98	83,768,884	5,989,598	2,939,598	2,110,478	41,920,032	53,470,688	31.67
1959	98	84,806,773	5,797,703	3,197,703	2,110,478	41,639,105	54,557,912	32.31

**Fiscal year change*

***Seven months January 1, to July 31*

BOND STORES, INCORPORATED

FIFTH AVENUE AT 35TH STREET

NEW YORK 1, N. Y.

October 24, 1959

Dear Stockholder:

Results of operations of your Company and of its wholly-owned subsidiaries for the fiscal year ended July 31, 1959 are set forth in the accompanying Consolidated Report herewith submitted to you on behalf of the Board of Directors.

Annual sales of $84,806,773.17 were $1,037,888.45 higher than the $83,768,884.72 of sales volume for the previous fiscal year. Following the pattern of general business conditions in the United States and more particularly in the apparel field, practically the entire increase was recorded during the second half of the fiscal year. Contributing in part to such increase was a series of carefully planned promotional activities timed to coincide with the apparent improving economic trend.

After provision for Federal income taxes, contributions to the Bond Stores, Incorporated Employees' Profit Sharing and Retirement Fund and other deductions, Consolidated Net Income of the Company and its wholly-owned subsidiaries amounted to $3,197,703.38 equal to $1.89 per share compared with $2,939,598.37 equal to $1.74 per share for the prior fiscal year.

During the year, cash dividends totaling $2,110,478.76 were distributed to the shareholders of 1,688,383 shares of common stock outstanding and the balance of income was added to earned surplus. Such dividend distribution was made in four quarterly payments of 31¼¢ each per share. This dividend rate reflects the increase from $1.00 to $1.25 per annum authorized by our Board of Directors early in 1957.

After deducting such dividend distribution and adding the balance of income to earned surplus, the capital stock and surplus of your Company totaled $54,557,912.84 creating a book value of $32.31 per share of common stock. Such book value compares with $31.67 per share as of the previous fiscal year end. We have provided for the payment on December 13, 1959, of the entire balance which becomes due on that date on a mortgage of our wholly-owned subsidiary's Times Square, New York City property. After that date, this property will be free and clear of all indebtedness. Its fully-rented building, housing one of our own major stores, covers the entire block front on the easterly side of Broadway between 44th and 45th Streets. Other chain store tenancies are Woolworth, Regal Shoe and Loft Candy. The remaining tenancies are a local independent haberdasher and the Criterion Theatre where first-run motion pictures are shown. All tenancies are on a long-term basis. As a result of having provided for such payment referred to above, your Company's long-term liabilities as of July 31, 1959, were reduced in the amount of $2,332,273.35 and its current liabilities were increased in the like amount. Despite such increase in current liabilities, working capital was $41,639,105.05 and reflected a ratio of current assets to current liabilities of 6.0 to 1. The parent company continues to have no bank debt and no funded debt and has no present intention of borrowing. Thus, the financial condition of your Company continues to be strong.

I am pleased to report that merchandise inventories of $19,187,156.14 were $1,942,584.25 less than as at the end of the prior fiscal year. This condition continues to reflect our careful planning and constant attention to the maintaining of a favorable ratio of stock turnover to sales as well as a practical approach to current conditions and future requirements. It has made it possible for us to contract for substantial purchases at extremely advantageous terms (despite the current inflationary trend) of raw materials for the manufacture of clothing and of finished products necessary for the efficient operation of all of our stores including those planned for opening during the 1959-1960 fiscal year. It is expected that this healthy inventory position will also make possible the continuance of factory operations at full production capacity, as well as the manufacture of the most current and wanted apparel styles and fashions.

Consistent with and following our announced plans of a modest program for expansion, four new shopping center stores were opened during the past fiscal year and during the same period, several of our existing downtown stores, which continue to meet our high standards of location and lease terms, were rehabilitated and modernized. The new stores opened were Big Town, suburban Dallas,Texas; Poplar Highlands on the outskirts of Memphis,

Tennessee; Prince Georges Plaza, Hyattsville, Maryland, suburban to Washington, D.C.; and Blue Ridge Shopping Center between Kansas City and Independence, Missouri. Within the same period, upon lease expiration, three downtown stores in locations no longer considered to be desirable, were closed. These were Omaha, Nebraska; 65 West Madison Street, Chicago, Illinois and Milwaukee, Wisconsin. One additional store at 6339 South Halsted Street, Chicago, Illinois was closed for approximately six months as a result of a fire on March 8, 1959. After being repaired, rebuilt and refixtured, it was reopened in September. Therefore, as of the fiscal year end, there were ninety-eight stores in operation, the same number as were in operation as of the end of the prior fiscal year.

In the absence of unavoidable delays, we expect to open during the 1959-1960 fiscal year, six additional suburban shopping center stores including one store opened thus far. This one, at Wauwatosa, Wisconsin, is in Mayfair Shopping Center, suburban Milwaukee, and replaces the old downtown Milwaukee store recently closed. Another store to be opened early next month is in Menlo Park Shopping Center in the heart of a concentrated, residential and industrial area, which is conveniently accessible to several of the larger cities in Central New Jersey. Other stores expected to be opened later in the current fiscal year are in Monmouth Shopping Center, Eatontown, New Jersey; Connecticut Post Shopping Center, Milford, Connecticut, which is mid-way between Bridgeport and New Haven; College Grove, San Diego, California and Cheltenham Center, suburban Philadelphia. At this time, the anticipated opening dates for the College Grove and Cheltenham Center stores are somewhat in doubt and may not take place until the 1960-61 fiscal year period.

Leases have already been signed or are presently being negotiated for several new stores planned for opening during the 1960-1961 fiscal year to be located in large regional suburban shopping areas as follows: a second store in San Diego, California; a store in suburban Philadelphia, Pennsylvania, which will make the fourth one in that area; a third store in greater Kansas City, Missouri; a suburban store near Cincinnati and our first Colorado store in suburban Denver. It is possible that one or two of these may not develop. On the other hand, other offerings may materialize which could result in additional store openings during the 1960-1961 fiscal year period.

As of July 31, 1959 there were thirty agency stores in operation. This is four less than were in operation as of the prior fiscal year end. Termination of agency arrangements resulted from operations of the closed stores not being up to our high standards.

As in the past, capital investments continue to reflect our policy of limiting our expenditures to store fixtures and equipment while requiring the landlord to build complete up to that point. However, I would like to point out that in many instances we have successfully negotiated for fixture advances from landlords under agreements to repay such advances without interest in equal annual installments over a period of ten years. During that period, the landlord retains title to the fixtures and depreciates the cost thereof in lieu of receiving interest. After ten years, title passes to us. Accordingly, our capital expenditures for the 1958-1959 fiscal year in the amount of $313,945.87 were mainly invested in our own trade fixtures and equipment installed in connection with the remodeling of several existing stores upon lease renewals or where remainder of lease terms warranted extensive fixture modernization. Included also were the costs of fixture and equipment installation in one of the new stores, no fixture advances having been arranged for with our landlord.

If past experiences may be considered as guide-posts, we are hopeful and optimistic that the favorable economic conditions currently prevailing, despite the steel industry work stoppage, will continue during the 1959-1960 fiscal year and will evidence themselves in a further accelerated consumer demand for apparel.

On behalf of the Board of Directors in this, the fiftieth year of the Corporate existence of your Company and of its predecessor Corporations, we wish to express our thanks to our many co-workers for their loyal efforts during the year. We express our appreciation to our hundreds of suppliers for their continued cooperation and services. To each and every stockholder, we should like to say "Thank you" for your interest and confidence. We extend to you a most cordial invitation to shop at any one of the more than 130 Bond Stores and agencies conveniently located in principal cities, coast to coast.

Respectfully submitted,

Barney Ruben

President

BOND STORES, INCORPORATED A

CONSOLIDATED BALANCE S

ASSETS

Current Assets:			
Cash (including time certificates of deposit of $6,500,000.00)			$17,748,186.21
Accounts receivable—customers		$13,187,811.63	
Less: Reserve for doubtful accounts		325,689.42	12,862,122.21
Miscellaneous accounts receivable			251,780.76
Merchandise inventories—Note A:			
Woolens, trimmings, etc.		2,605,856.67	
Work in process		1,231,942.26	
Finished goods		15,349,357.21	19,187,156.14
Total Current Assets			50,049,245.32
Miscellaneous Other Assets			364,510.20
Fixed Assets—at cost—Note B:			
Land and buildings	$9,505,861.96		
Less: Reserves for depreciation	1,900,684.35	7,605,177.61	
Machinery, furniture, fixtures and equipment	7,603,780.72		
Less: Reserves for depreciation	4,786,508.88	2,817,271.84	
Alterations, improvements and leaseholds	6,513,366.33		
Less: Reserves for amortization	3,805,851.81	2,707,514.52	13,129,963.97
Deferred Charges:			
Prepaid rent and advances to landlords on improvements to leased properties		908,228.88	
Unexpired insurance and other prepaid expenses		819,479.12	1,727,708.00
			$65,271,427.49

The accompanying Notes to Fin
part of this statement and should

ND WHOLLY-OWNED SUBSIDIARIES

HEET AS AT JULY 31, 1959

LIABILITIES

Current Liabilities:				
Accounts payable				$1,524,303.41
Deposits and due to customers				381,447.39
Accrued expenses and sundry liabilities				3,050,184.73
Reserve for Federal income taxes—Note C			$2,118,065.43	
Less: United States Treasury Certificates of Indebtedness—at cost, which approximates market, plus accrued interest			1,118,759.66	999,305.77
Mortgages and mortgage bonds payable—current installments—Note B				2,454,898.97
Total Current Liabilities				8,410,140.27
Mortgages and Mortgage Bonds Payable by Subsidiaries—Note B			4,758,273.35	
Less: Current installments shown above			2,454,898.97	2,303,374.38
Capital Stock and Surplus:	*Shares*			
Preferred Stock—par value $100.00 per share:				
Authorized to be issued in series as designated by the Board of Directors	100,000			
Retired and cancelled	60,000			
Authorized but not designated	40,000			
Common Stock—par value $1.00 per share:				
Authorized	2,500,000			
Issued and outstanding	1,688,383		1,688,383.00	
Capital Surplus (no change during the year)		$11,596,135.77		
Earned Surplus—Exhibit B		41,273,394.07	52,869,529.84	54,557,912.84
				$65,271,427.49

ancial Statements are an integral
be read in conjunction herewith.

BOND STORES, INCORPORATED

AND WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS

FOR THE YEAR ENDED JULY 31, 1959

Sales		$84,806,773.17
Cost of goods sold and stores and general and administrative expenses, exclusive of depreciation and amortization—Note D		78,391,202.35
		6,415,570.82
Add:		
Income from owned real estate before depreciation—Note E	$227,196.69	
Other income—net	437,710.02	664,906.71
		7,080,477.53
Deduct:		
Depreciation and amortization		1,282,774.15
Net income before Federal income taxes		5,797,703.38
Provision for Federal income taxes—Note C		2,600,000.00
Net income		3,197,703.38
Earned Surplus as at July 31, 1958		40,186,169.45
		43,383,872.83
Dividends on Common Stock		2,110,478.76
Earned Surplus as at July 31, 1959—Exhibit A		$41,273,394.07

The accompanying Notes to Financial Statements are an integral part of this statement and should be read in conjunction herewith.

BOND STORES, INCORPORATED

AND WHOLLY-OWNED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS AS AT JULY 31, 1959

NOTE A: Merchandise inventories are stated at or below the lower of cost (prime cost as to goods manufactured by the Corporation, retail inventory method as to furnishings and accessories and invoice cost as to other merchandise, substantially on the "first-in, first-out" basis) or replacement market. These methods for pricing the merchandise inventories are consistent with the practice of prior years.

NOTE B: Land in the amount of $5,549,393.34 and buildings in the amount of $3,956,468.62, totaling $9,505,861.96, consist principally of property located at 45th Street and Broadway, New York City, owned by Adda, Inc., a wholly-owned subsidiary; properties in Rochester, New York, including the factory owned by Bond Martin St. Corp., a wholly-owned subsidiary; property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary; a factory in New Brunswick, New Jersey; and a shirt factory located in Meridian, Mississippi, owned by Burnley Shirt Corporation, a wholly-owned subsidiary.

The property owned by Adda, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of $2,332,273.35, payable in quarterly installments to December 13, 1959. The property owned by Stajac, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of $2,426,000.00, payable in quarterly installments to December 17, 1967. At each of the said dates the unamortized balance of the respective mortgages becomes due and payable. The Corporation is not liable under any of such mortgages, being in each case a lessee of the property, or a substantial part thereof, under long term leases; such leases are assigned as collateral under the mortgages, respectively.

NOTE C: The Federal income tax returns of the Corporation have been examined to July 31, 1956, and all assessments have been paid or provided for; the provision for Federal income taxes for the year ended July 31, 1959, shown on the accompanying consolidated statement of income and earned surplus, is net of prior years' excess accruals of $296,000.00 for Federal income taxes.

The accompanying financial statements are subject to final determination of Federal, state and local taxes.

NOTE D: The Employees' Profit Sharing and Retirement Fund Trust Agreement provides, among other things, for (1) voluntary contributions by eligible employees, (2) contributions by the Corporation and its wholly-owned subsidiaries, out of net earnings for the year as defined in the agreement, of 20% of the participating employees' contributions, (3) additional contributions by the Corporation and its wholly-owned subsidiaries computed at various percentages of net earnings for the year as defined in the agreement after deducting therefrom $4,000,000.00 plus $1.00 per share for any additional shares which the Corporation may issue after December 31, 1952, excluding additional shares resulting from stock dividends or split-up of stock and (4) the right of the Corporation to discontinue contributions to the plan.

The contributions of the Corporation and its wholly-owned subsidiaries for the year ended July 31, 1959, amounted to $205,490.53.

NOTE E: This item includes intercompany rental on property partly occupied by the parent company.

GENERAL: As at July 31, 1959, the aggregate minimum annual rental upon real property leases, other than intercompany leases, expiring after July 31, 1962, amounts to approximately $2,673,000.00. Certain of these lease agreements provide for additional rentals based on sales or for payment of certain expenses, such as real estate taxes and maintenance costs.

ACCOUNTANTS' REPORT

To the Board of Directors,
BOND STORES, INCORPORATED, New York, N. Y.

We have examined the consolidated balance sheet of Bond Stores, Incorporated and wholly-owned subsidiaries as at July 31, 1959, and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus, together with the notes to financial statements, present fairly the consolidated financial position of Bond Stores, Incorporated and wholly-owned subsidiaries at July 31, 1959, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.
October 2, 1959

S. D. LEIDESDORF & CO.

LOCATION OF BOND STORES AND AGENCIES

ALABAMA
BIRMINGHAM

CALIFORNIA
FRESNO
GLENDALE
HOLLYWOOD
HUNTINGTON PARK
LAKEWOOD CENTER
LOS ANGELES (5 stores)
NORTH HOLLYWOOD
OAKLAND (2 stores)
PANORAMA CITY
SAN FRANCISCO
SAN JOSE
WEST COVINA

CONNECTICUT
HARTFORD
NEW HAVEN
*NEW LONDON
*TORRINGTON

DELAWARE
*WILMINGTON

DISTRICT OF COLUMBIA
WASHINGTON

FLORIDA
*JACKSONVILLE
*TALLAHASSEE

GEORGIA
ATLANTA
SAVANNAH

ILLINOIS
ALTON
CHICAGO (6 stores)
HILLSIDE
KANKAKEE
SPRINGFIELD

IOWA
DES MOINES

KENTUCKY
LOUISVILLE

LOUISIANA
*MONROE

MAINE
*PORTLAND

MARYLAND
BALTIMORE (2 stores)
HYATTSVILLE

MASSACHUSETTS
BOSTON
FALL RIVER
*LAWRENCE
*PITTSFIELD
SPRINGFIELD

MICHIGAN
DETROIT (2 stores)

MINNESOTA
MINNEAPOLIS

MISSOURI
CLAYTON
KANSAS CITY (2 stores)
ST. LOUIS (2 stores)

MONTANA
*BILLINGS

NEBRASKA
*HASTINGS

NEW JERSEY
JERSEY CITY
NEWARK
NEW BRUNSWICK
PARAMUS
*RED BANK
TRENTON

NEW MEXICO
*ROSWELL

NEW YORK
ALBANY
BUFFALO
*ELMIRA
*GLENS FALLS
HICKSVILLE, L. I., N. Y.
NEW HYDE PARK, L. I., N. Y.
NEW YORK (7 stores)
ROCHESTER (2 stores)
SCHENECTADY
SYRACUSE
VALLEY STREAM

OHIO
AKRON
*ALLIANCE
CINCINNATI
CLEVELAND (3 stores)

OHIO (continued)
COLUMBUS
DAYTON
LORAIN
MAPLE HEIGHTS
*SALEM
TOLEDO
YOUNGSTOWN

OKLAHOMA
OKLAHOMA CITY

PENNSYLVANIA
*BUTLER
*CHESTER
GERMANTOWN
*HAZLETON
*NEW KENSINGTON
PHILADELPHIA
PITTSBURGH
READING
SCRANTON
*UPPER DARBY
WILKES-BARRE

RHODE ISLAND
PROVIDENCE

TENNESSEE
MEMPHIS (2 stores)

TEXAS
*ABILENE
*BROWNWOOD
*CORPUS CHRISTI
DALLAS (3 stores)
FORT WORTH
HOUSTON (2 stores)
*WICHITA FALLS

VERMONT
*BARRE
*RUTLAND

VIRGINIA
FALLS CHURCH

WEST VIRGINIA
*PARKERSBURG

WISCONSIN
*SUPERIOR

Factories in Rochester, N. Y., New Brunswick, N. J., and Meridian, Miss.

*AGENCIES

Continuing our Expansion Program, these four suburban stores were added to the nation-wide Bond chain during fiscal 1958-59

BLUE RIDGE SHOPPING CENTER, Kansas City, Mo. After 40 years of serving the people of Kansas City at its downtown store, Bond's opened this second unit in the outskirts of Kansas City, near Independence.

PRINCE GEORGES SHOPPING CENTER, Hyattsville, Md. This is Bond's third complete apparel center for the entire family in the area of the nation's capital, Washington, D. C.

BIG TOWN SHOPPING CENTER, Dallas, Texas. This is Bond's third apparel center for the entire family in the Dallas area.

POPLAR HIGHLAND PLAZA, Memphis, Tenn. Bond's served the people of this area in a downtown location for 20 years before adding this shopping center store.